

WORKERS AND THE CELTIC TIGER

WHY PARTNERSHIP DOESN'T PAY

by Kieran Allen

A Socialist Worker pamphlet

Published September 1999 by:
 Socialist Workers Party
 PO Box 1648 Dublin 8
 and
 PO Box 354, Tomb Street, Belfast
 Tel: (01) 872 2682
 Fax: (01) 872 3838
 Email: swp@clubi.ie
 Web: <http://www.clubi.ie/swp>

■ **The Socialist Workers Party is part of an international grouping of socialist organisations.**

Australia:
 International Socialist Organisation
 PO Box A338
 Sydney South, NSW 1235
 Email: <lsopublishing@nexus.edu.au>

Britain:
 Socialist Workers Party
 PO Box 82
 London E3 3LH
 Email: enquiries@swp.org.uk

Canada:
 International Socialists
 PO Box 339 Station E
 Toronto, Ontario M6H 4E3

Cyprus:
 Ergatikí Dimokratia
 PO Box 7280
 Nicosia

Czech Republic:
 Socialistická Solidarita
 P.O.Box 42
 Praha 42
 140 02
 Email: socsol@geocities.com

Denmark:
 Internationale Socialister
 Postboks 642
 2200 København N
 Email: is-dk@dk-online.dk

Greece:
 Sosialistiko Ergatiko Komma
 c/o Workers Solidarity
 PO Box 8161
 Athens 100 10

Holland:

Internationale Socialisten
 Postbus 92025
 1090 AA Amsterdam

New Zealand:
 Socialist Workers Organization
 Box 8851
 Auckland
 Email: socialist-worker@ak.planet.gen.nz

Norway:
 Internasjonale Sosialister
 Postboks 9225 Gronland
 0134 Oslo
 Email: sarbeide@online.no

Poland,
 Solidarnosc Socialistyczna
 PO Box 12
 01-900 Warszawa 118

South Africa:
 Socialist Workers Organization
 PO Box 18530
 Hillbrow 2038
 Johannesburg

Spain:
 Socialismo Internacional
 Apdo 563 08080 Barcelona

United States:
 International Socialist Organization
 PO Box 16085
 Chicago, Illinois 60616
 Email: contact@internationalsocialist.org

Zimbabwe:
 International Socialists
 PO Box 6758 Harare

Introduction

In the boardrooms of big business they are singing the praises of the Celtic Tiger. The 'miracle economy' has grown faster than any other economy in the world in the nineties. The Asian Tigers may have gone bust. The once powerful Japanese economy has languished in recession. But in the Celtic Tiger, the profits are rolling in.

And it shows. In the posh district of Dalkey, Dublin, an Irish multi-millionaire bought a house for £6 million. The most expensive restaurants are packed with people who can spend more on a meal than an unemployed person receives in a week. Private schools are booming as the rich segregate off their children to make sure they get the right connections. The top luxury cars are now parked in the managers' spaces outside the factories and offices.

It is a very different story for workers. Politicians say that we should be grateful for the jobs and the new buzz. However, the employers should be grateful to us because it is our labour that has created this boom — even though we are seeing little of it.

In a booming economy, there is little point in saying thanks for getting a few pounds more than you received last year. The real issue is what share are workers getting relative to others. To use the old comparison: how does our slice of the national cake compare to those who live off unearned income?

One statistic tells the whole story. In 1987, when Charles Haughey first agreed the Programme for National Recovery with the top union leaders, the share of the national economy going to profits, interest and dividends was 31%.

The share going to wages, pensions and social security — in other words to the working class — was 69%. Ten years later this has changed. The share of the national cake going to unearned income has increased to 41%. The share going to working people has decreased to 59%.¹

When Ben Dunne and the other business people who used the Ansbacher accounts contributed to Charles Haughey's £23,000-a-month expense account, they knew what they were doing. They bought a politician who pressed for policies to make them richer.

But on our side, the leaders of labour have chained us to social partnership deals that limited our pay. This is the main reason why we have lost out on the Celtic Tiger boom.

This little pamphlet explains why these deals have to go and why the workers' movement needs a new strategy for the future.

■ **CAROLANN DUGGAN,**
*Shop Steward and
 Vice President
 Waterford Branch SIPTU
 (Personal Capacity)*

Chapter 1: Did Wage Restraint Bring the Boom?

The best way to rob someone is to convince them they are contributing to the general good.

For the past decade, Irish workers have been told to 'tighten their belts' for the good of the country. The Celtic Tiger boom is supposed to be the reward for our restraint and, if we step out of line, it will collapse. Even the union leaders repeat the argument that significant wage increases lead to inflation and the destruction of the Celtic Tiger.

But this does not make sense. If wage restraint and poverty wages guaranteed economic success, then India and Africa would be a paradise. Even when workers take pay cuts, this does not bring the multinationals rushing in. Workers in Eastern Europe accepted wage cuts, privatisation and cuts in social spending throughout the nineties. But twice as much investment went into Britain than the whole of Eastern Europe — even though British wages were far higher.

In 1981 Tony O'Reilly praised low Irish wages regarding potential inward investment. He said 'Irish hourly earnings are not a deterrent. Neither for the most part is trade union activity. Irish workers when properly led are as good as any'.²

But even though O'Reilly patted workers on the head for their 'moderation', it did not bring a boom. After 1981, the Irish economy entered a major slump.

So the Celtic Tiger was not born because workers took lower wages. It happened because of a series of factors that affected the world economy. In the 1980s there was a spectacular surge in US investment abroad, as US companies sought a higher rate of return on their profit. According to the Department of Commerce the return on assets in foreign subsidiaries tends to be 9% higher than the average return for US corporations.³

One reason for this is that US companies get tax cuts abroad. Another is that they can enforce a higher rate of exploitation on workers.

In any event, by the late eighties, US investors were desperate to find a location that was inside the EU trade barriers as otherwise they would be cut out of the single market. Many of them chose Ireland and this is what caused the Celtic Tiger boom.

The influx of US investment was so huge that it lifted the economy.

Today Ireland has a higher level of US investment per manufacturing worker than any other country in Europe. Or, to put it differently, US foreign affiliates make a bigger contribution to the Irish economy than they do to Costa Rica, or Honduras, which are sometimes described as America's backyard.

Why did they come here? They got a young, computer-literate, English-speaking workforce. They got a government that bowed to every right wing idea. They got such enormous tax breaks that they were soon claiming huge profits on goods manufactured in Ireland.

In other words, the low wages were not the cause of the boom — and if anything, these multinationals could well afford to pay far more.

The argument that wage increases cause inflation is also wrong. Wages are only one factor in production alongside natural resources, transport costs, or marketing costs. A 20% increase in wages therefore does not mean that goods increase in price by 20%.

Moreover, if the bosses were willing to take even a small cut in their profits, there would be no reason to pass on any price increase.

Inflation is mainly caused by external factors in the world economy. As the global economy has been growing at a far slower rate in the nineties, companies are not chasing after scarcer resources or labour supplies. This is the main reason why inflation is low in all major economies and so inflation here is not dependent on the wage rises of Irish workers.

Chapter 2: Pay: How Workers Have Lost Out

'A fair's day's work for a fair day's pay'. You hardly ever hear that expression today because Irish workers are working harder than they ever did — and they are not getting a fair reward.

The ideal of a decent compromise with employers was always a myth as there is no way of knowing exactly what a fair wage is. However, there are three main ways that workers can make an assessment of how their wage rates are doing overall. If we use any, or all, of these criteria, we can see that workers are losing out, badly.

■ **Profits:** If your company is making huge profits from your efforts, you would expect to see some of it. But not in the Celtic Tiger.

US multinationals claim that they are making a 25% rate of

return on their investment in Ireland. This is more than double the return for Portugal, three times that for Spain and five times that for Britain.⁴ The total figure is probably an exaggeration because they tend to declare more profits in Ireland to take advantage of low taxes. But it is still an indication of the sheer size of the profits.

Irish firms are also showing a higher rate of profit. Between 1990 and 1995 they increased their profit as a percentage of sales from 3.6% to 6.2%.⁵

In individual sectors, the growth in profit has been enormous. The senior planner at South Dublin County Council estimates that some builders are getting a 100% profit on every house they build.⁶ No wonder the profits of Sisks has grown six times between 1994 and 1997 while the profits of GT Crompton trebled in 1997 alone.⁷

The banks are literally coining it in. After-tax profits in the Bank of Ireland have grown by 570% since 1990 while the AIB has seen its profits grow from £74 million in 1988 to £535 million in 1998, an increase of 61% a year.⁸

In a small island, with only a few million inhabitants, each of the two main banks are now making over a million pounds a day in profits. Yet you still hear employers complain about greedy workers who want higher wages.

It is not as if the employers are using their profits carefully to increase investment and secure the future of plant and machinery. The Celtic Tiger has been labelled an 'investment-less boom' because the level of capital investment in the economy is lower now than it was in the eighties.⁹

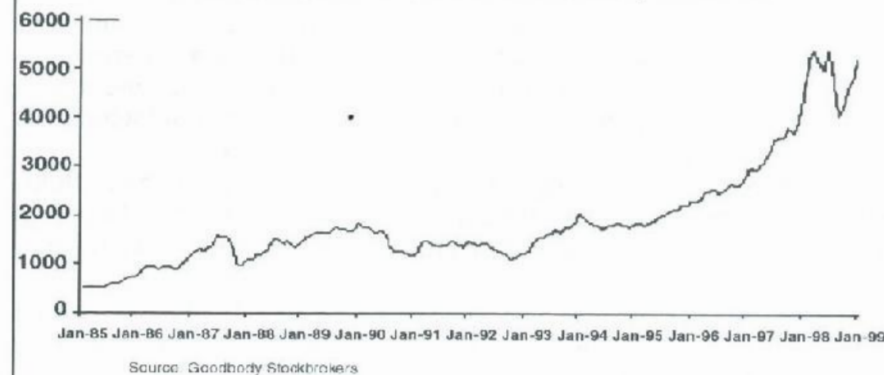
The wealthy are either transferring their money abroad — or engaging in colossal speculation. Table 1 (page 7) illustrates the dramatic growth in share prices.

Between 1988 and 1993, the index of share prices only (!) grew by 262 points. However since then it has grown by a massive 3,810 points because of the surge of speculators who want quick dividends. In 1997, the value of shares increased by £14 billion. Of course, these were paper values — but if you had the paper and sold fast, you made a fortune.

Even though the employers claim they are our partners, there is no partnership when it comes to profits. It's a bit like 'what yours is mine but what's mine is mine'.

Not only have wages been held down under partnership agreements, but there has been a big growth in low-paid employment. Supporters of social partnership claim that these deals help to regulate the market and stop the 'jungle style' capitalism that prevails in

**Table 1: Index of share prices, Irish Stock Exchange
Performance of the ISEQ Index, 1985-99**



America.

Yet today Ireland comes second to the US in having the highest proportion of its workforce categorised as low-paid.¹⁰ If a minimum wage of £5 an hour had been implemented in 1998, a full 30% of the Irish workforce would have benefited.¹¹

■ **Productivity:** During the last major boom in the sixties, the government argued that pay rises had to match the growth in productivity. Workers were told they could only get their share of an expanding cake. But if that sort of measure was used today, most workers would be far better off.

There has been a massive growth in productivity — but workers have not been compensated for it.

In the decade after social partnership began in 1987, the output of manufacturing industry grew by 170% while employment rose by 19%.¹² This indicates that Irish workers are producing far more than before.

This is especially so since, as we have seen, there has not been a surge in investment. The reality is that Irish workers are more educated and skilled than they were ten years ago. They are also working far harder.

Across the world, companies have adopted a philosophy of 'lean management'. According to the Canadian Auto Workers' Union this means an approach whereby 'all costs associated with non-value added functions are waste and are to be eliminated, whether it is

buffers between operations, slack time, waiting time, walking space at work stations or, more generally, indirect labour such as skilled trades'.¹³

In other words, this is an attempt, as Marx argued, to intensify the level of exploitation so as to push up 'relative surplus value' — extra profit as a proportion of the working day. Every second that is not spent working to produce profit is labelled 'down-time' which has to be eliminated.

Sometimes this strategy is disguised with words such as 'flexibility' and 'empowerment'. The union leaders fall for this language and tell us that because we live in a modern, computer age we have to be more 'flexible'.

But the pressures on workers are not caused by machines or by the fact that we live at the end of the twentieth century. The drive to intensify our work efforts comes from the greed for ever more profit.

One study on Irish workplaces found that 90 percent of companies were using at least one form of 'High Performance Work Organisation' techniques.¹⁴

The most common was the practice of Total Quality Management where extra stress is placed on workers as they are forced to assume responsibility for quality control while working faster. The next most common was 'multi-skilling' which often amounts to an attack on craft workers so as to ensure that they have no 'down-time' between different jobs.

In all it is estimated that the net output of each employee has increased by over £97,000 in the ten years between 1987 and 1997.¹⁵

Yet workers have never seen the fruits of this huge growth in terms of decent pay rises.

■ **Inflation:** Wage increases under Partnership 2000 were supposed to keep up with the rate of inflation. But there is growing evidence that workers have been conned about the real rate of price increases.

Inflation is measured through the Consumer Price Index (CPI) which is drawn up by the Central Statistics Office. This is made up of a shopping basket of diverse items which are tracked regularly to see how their prices have risen. In the twelve months to May 1999, the CPI rose by 1.5% and so the employers and the union leaders claimed that wage increases have kept abreast of inflation.

But official figures are never entirely neutral. They are gathered by a state agency which presides over a class-divided society and so figures should be subjected to close scrutiny.

The first problem with the Consumer Price Index is that it does

not take adequate account of the costs of accommodation. An explanatory leaflet from the Central Statistic Office even claims 'there is no contradiction between rising house prices and low inflation'.¹⁶

But this is clearly nonsense. Housing takes up the biggest slice of most workers' budgets but because the CSO regards it as 'a capital acquisition or investment', it does not figure on their index.

The index, however, does reflect changes in mortgage interest and this leads to a bizarre situation. Over the past year interest rates have declined and so the housing component of the Consumer Price Index has actually fallen.

In fact even the official figure for inflation for the twelve months up to May 1999 would have been 2.4% rather than 1.5% were it not for the curious fact that housing is regarded as *decreasing* in the index.

In other countries, the price of housing does figure in the CPI. Denmark, Germany, Japan, Netherlands, Norway, Portugal and the US all use an 'imputed rent' method to calculate the rise in house prices. But even though Ireland has the highest rates of home ownership, this is avoided for clearly political reasons.

The Consumer Price Index also underestimates the rise in rents. It assumes that Ireland has a small rented sector and so gives a low weighting to rent in the overall index. In a the basket of items that make up the CPI, rent only gets an overall weighting of 1.8 out of 100. To put that in perspective, expenditure on newspapers comes closely behind with a weighting of 1.2.

The other major problem with the CPI is that it takes no account of the changing lifestyle patterns of workers. According to the Central Statistics Offices, the index is 'specifically designed not to take into account changes made by households'.¹⁷

Yet the Celtic Tiger has produced important changes in the consumption patterns of households. To take one obvious example, with the huge increase in the number of women working more households will tend to rely on relatively expensive pre-prepared meals that are purchased in supermarkets. Or there will be a greater use of restaurants and take-aways.

By ignoring these changes the CPI again under-estimates the real rate of inflation. An article in the *Sunday Business Post* put this point well when it noted that the CPI basket of items contains smoked kippers and swiss rolls and remarked, 'The last swiss roll was surely bought circa 1978. And honestly, tinned pear halves!'¹⁸

So what is the real rate of inflation in Ireland? Here we have to

be slightly technical for a moment and look at alternative measures.

One such alternative is to contrast the value of the Gross Domestic Product at constant market prices with the actual value gained in current market prices. Statisticians sometimes refer to this method as producing an 'implied price inflation'.

If we use this method on the National Income and Expenditure figures for 1997-98, we get an inflation rate of 6.2%. This is nearly *three times* the figure of 2.1% which was recorded by the Consumer Price Index.

There are some problems with the alternative method but it illustrates an important point. The Consumer Price Index is only one measure of inflation — and as we have seen, it is an inadequate measure.

Chapter 3: Tax Cuts Galore

Whenever our rulers want to sell a social partnership deal they argue that we cannot look at the wage increases alone. We are supposed to combine the wage increase with the tax cuts to give us a better picture of how we are doing.

The tax regime on the average employee is certainly high. So a worker on as little as £100 starts paying tax at a rate of 24% in the pound.

This is why there were huge tax protests in the early eighties. At the time workers demanded that other groupings in Irish society, such as large farmers and company directors, take some of the tax burden off them. Yet the union leaders got cold feet and failed to escalate the general strike until this demand was forced on the government. Instead, they listened to the argument that a general strike was undermining parliamentary democracy.

Today the government are trying to use the defeat of the PAYE movement to offer a few crumbs of tax concessions to get us to accept wage restraint.

Yet there is a bitter irony in all this. The rich have not been asked to show the slightest restraint on their profits — but they have still received tax cuts that are far in excess of anything workers get.

In 1987, when social partnership began the tax rate on company profits was 50%. That had declined to 32% a decade later and is set to decline by 4% more each year until it reaches 12.5% in 2,002.

Although profits are surging, companies are paying less and less in tax. Yet the government still wants workers to restrain their wages

to get a minor adjustment on tax allowances or tax rates.

It simply does not make sense that banks which are making up to £2 million a day in profits should be paying a lower proportion of their income in taxes than a young man or woman who is working in a fast food restaurant.

There have also been other major tax cuts for the rich — but again they were never asked to show the slightest sign of restraint. Tax on capital gains — windfall profits — has been slashed from 40% to 20%.

Inheritance tax on farms was slashed when John Bruton, who happened to be a large farmer from Meath, was the Taoiseach.

Tax loopholes for the rich are also growing by the day. There are now tax loopholes for stallion stud fees, income from foreign trusts, commercial woodland, and investment in research.

The latter was the main reason why the Elan Corporation paid only a 3% tax bill even though it is the most successful company on the Irish stock exchange.

Even these strokes are not enough to satisfy the greed of the rich. As the recent scandals have shown, they often put money in off-shore accounts or blatantly break the law because they know they will never be jailed.

The trade unions should not be playing along with a piecemeal approach of getting minor tax concession for workers while saying nothing against the huge tax concessions going to the rich. It is a scandal that the ICTU has supported the policy of cutting tax on profits to 12.5%.

We need an alternative approach where we both press for higher wage rises *and* also demand that the rich be fully taxed to pay for the public services.

It is simply not true that 'everyone's a winner' when multinationals are able to blackmail governments into letting them off with virtually no tax.

Today, Ireland has become an Atlantic tax haven for the rich. Not only do workers have to bear the main tax load, they also feel the effects of public spending programmes that are starved of funds to facilitate tax cuts for the wealthy. Three brief examples show this.

■ **Public Transport:** One of the effects of the Celtic Tiger has been major traffic chaos. The chaos would not have been as bad if there had been a decent public transport system. But tax cuts for the rich has meant there is less money to go around. In 1987, for example the subsidy to Dublin Bus amounted to £15 million but today it has declined

Table 2:
Grants/Subsidies to Bus Companies as Percentage of
Revenue in Selected European Cities

City	Grant/Subsidy %
Athens	50
Barcelona	39.4
Dublin	4.4
Helsinki	55.3
London	14.5
Paris	57.4
Rome	74.5
Strasbourg	46

Source: Jane's Urban Transport System, 16th edition 1997/1998

to half that figure. As Table 2 shows Dublin has the distinction of providing one of the lowest subsidies to bus users in European cities

■ **Education:** Irish primary schools have one of the highest pupil teacher ratios in the OECD. Only Turkey, Mexico, and Korea are in a worse position. Inside the EU, Ireland has the lowest expenditure per primary pupil relative to Gross Domestic Product.¹⁹

Subjects like chemistry or physics are not taught in primary schools. Nor are foreign languages, and while the wealthy can arrange private language classes, working class children are deprived of this valuable resource. One of the astounding ironies of the Celtic Tiger is that in an economy built on high-tech industries, pupils are still collecting bar codes from supermarkets items to win a prize of a few computers for their schools.

■ **Hospital beds:** Ireland tops the OECD record for cuts in hospital admissions for emergency cases during the last ten years. It has cut the number of acute hospital beds per 1,000 of the population by 43% and the average stay by 29%, between 1980 and 1993.

From a situation where it had the highest rate of admissions in the OECD, it now has the lowest. For public patients, delays for some non-urgent cases are now exceptionally long. Nearly 40,000 are now on the waiting lists.²⁰

Sometimes our rulers pretend that everyone in Ireland has to

stick together to ensure the multinationals get tax breaks in order to 'coax' them to invest here rather than elsewhere. But they never mention the cost of this policy for Irish workers. Instead of a 'positive sum' game where we are all winners, working people are suffering from a lack of services even though the country is booming.

Instead of going along with this policy, our unions should demand that the rich pay up so that both the PAYE burden can be reduced and we can still improve public services.

That will demand a radical shift from the 'playing cute' approach of today where we are supposed to accept minor tax cuts — and stay quiet about the big cuts that are going to the rich.

Chapter 4: Business Unionism or Fighting Unions?

The social partnership deals were about restoring pay but they were also an attempt to re-shape the labour movement and de-gut it of any militancy. That meant transferring power in the unions from the shop floor to the union headquarters.

The shift in the thinking of the ICTU shows how this has worked. In their pamphlet, *Challenges Facing the Union*, the ICTU says they want 'to move from the clenched fist of confrontation to the open hand of co-operation' with the employers. They also want to change the language of the workers movement to slot in with this. They argue that words like 'shop steward' should be eliminated. They also claim that the very term 'trade union movement' is unsatisfactory. 'Apart from its medical or musical connotations' the ICTU asks 'what is a movement?'. 'Movement must be one of the most abstract and general words in the English language'.²¹

When the union leaders believe that a word like 'movement' with all its connotation of struggle and solidarity, has become abstract, you can see how successful the state has been in re-shaping the unions.

Today union leaders sit on almost every government agency you can imagine. They also belong to the National Competitiveness Council where they pour over figures to see how Irish workers can better compete against British, French and German workers.

In the 1950s, the term 'business unionism' was coined to

describe a right wing style of union organisation that had developed in America. US embassies went to great lengths to promote this model across Europe to undermine the socialists and communists who were bent on class struggle. Yet today this model of business unionism now dominates the top ranks of SIPTU and the ICTU.

Business unionism is a philosophy which believes that what is good for business is good for workers. Workers are encouraged to co-operate with their individual bosses and to compete against other workers. The national union organisation is supposed to promote the good of their country rather than standing up exclusively for workers rights. All of this will mean giving the union leaders more control. When they are not subject to their rank and file, they can enforce unpopular decisions on workers which are 'good for business'.

Social partnership has been used to stamp this approach on the Irish workers movement. Ten years ago, the ICTU tentatively suggested that their ideal was a 'share-owning democracy'. Today they are encouraging workers to accept the privatisation of state companies as long as they get a few shares.

Social partnership also led to larger and more bureaucratic unions. The government gave a grant of £700,000 to encourage the merger of the ITGWU and the WUI to form SIPTU. In the process, the right of members to have an annual decision-making conference was removed and replaced with a biennial conference. One union official explained why he wanted to eliminate rival unions:

The job of a trade union official is to see around the corner and to prepare the members to take appropriate evasive action. If a second union is in there, shouting 'sell-out', arguing that there is no need for changes in question, it makes life impossible for anyone involved in negotiation. One's horizons are limited to the daily grind of not losing members. No one can take up a leadership position. Where an organisation is unified it is much easier to tell people the real facts of life.²²

The other main way that power was transferred to the union leaders was through the Industrial Relations Act. The first partnership deal, the Programme for National Recovery, committed the union leaders to negotiating on the Industrial Relations Act. When it was being debated in the Dáil, Bertie Ahern said that he went to great pains to consult the ICTU on its provisions. He even said 'if ever a Bill was discussed as much with the people concerned as this Bill I would like to read the files on it'.²³

The Industrial Relations Act is a nasty anti-union law. It makes strikes and blacking much more difficult to organise. It even bans immediate pickets in support of a single victimised worker. It has raised the whole issue of whether workers who take unofficial action have immunity from employers who wish to sue them for loss of earnings.

Today the union leaders verbally oppose the Industrial Relations Act because it is so unpopular. But, in reality, its aim was to strengthen their power over the rank and file. Every time workers propose action, it is the union official who argues that the law has to be respected and all procedures gone through first. When workers propose solidarity action, the union officials say that, unfortunately, nothing can be done because of the Industrial Relations Act. An important strike of workers against the anti-union firm, Pat the Baker, was defeated because the SIPTU leaders refused to call on their members to black this bread in supermarkets. Once again, they sheltered behind the Industrial Relations Act.

All of this shows the terrible political price that has been paid for social partnership.

Against this business unionism, socialists advocate a return to fighting unions for a number of reasons.

First, there is a clear conflict between the interests of workers and employers. Profit is not generated by clever entrepreneurs who manage to buy cheap raw materials and sell them at a dearer price. As Marx showed, the basis of all profit is the unpaid labour that workers give after they have earned their own wages each working day. Under feudalism serfs were openly robbed by being compelled to supply forced labour. Under capitalism, the market drives workers to the employers and they have no choice but to accept wages that are below the value of what they produce. Every employer strives to increase this surplus value by either reducing wages, which they do by introducing yellow pack grades; by intensifying the rate of exploitation, which they do by pushing for 'flexibility'; or by increasing the length of the working day which they can achieve by devices such as annualised hours or by compulsory overtime. Every worker, by contrast, has an interest in resisting these measures through a fighting union.

Second, if workers ignore this conflict and treat the employers as partners, they will disarm themselves and let their union organisation weaken. If you recognise that the boss is not a partner, you won't be duped by sweet promises that mean nothing. You will build up the confidence of the rank and file on the shop floor by tackling the employers on little issues as well as large issues. Your union reps will

not think they are part of a cosy club when they enter negotiations but will fight for as much as they can get.

The head the National Partnership Council, the former union leader, John O'Dowd, was asked to name one company where partnership was working at grass roots level. He plumped for Tara Mines.²⁴ Yet a year after making this pronouncement, the company blackmailed the workers into accepting a wage cut and working longer hours!

Third, if workers regard each other as competitors, they will start a process of bidding down on wages and conditions. In the past, the unions had to enforce standard rates and that meant standing up against 'special cases' where employers pleaded that if no consideration was shown to them they would be pushed out of business. Today, this is more likely to happen on an international rather than a national level. Irish workers are told that we have to undercut the Germans or British or French workers — but the only winners are the employers. They have already won on the tax front by getting the Irish state to bid down their rates against other countries. Partnership deals mean Irish workers undercut the wages of other countries.

Fourth, our unions should not become bureaucratic machines dominated by a union hierarchy. Instead, the union leaders should be regarded as our servants rather than our masters. They should be elected regularly and be required to live on the same wage as those they represent. This would at least give them some experience of the conditions workers face and it might encourage them to fight a little harder. Instead of all decision-making resting in the union headquarters, a fighting union means that decisions are made in workplaces and on the shop floor.

Lastly, a fighting union means tackling unjust laws. The Industrial Relations Act can only work when workers accept the psychology that the law must always be respected no matter how unjust it is. When this psychology is removed, the power of the state to tackle organised workers is considerably reduced. This is exactly what happened with the bricklayers. They were faced with a choice of respecting the law and losing their battle to end sub-contracting. They defied the Industrial Relations Act several times and won!

Business unionism is about seeing your boss as your partner and your fellow worker as a rival. A fighting union is based on solidarity, shop floor strength, union democracy and a willingness to take on the law when necessary. If the second approach is to win, then union members are going to have to challenge the union bureaucracy.

Chapter 5: Why the Union leaders love Partnership

Full-time union officials have always been enthusiastic about social partnership because there are a number of advantages in it for them. When there are no disputes, the union machine can simply collect dues and not have to pay out strike pay. The officials also get a feeling that they are being treated as equals with the managers they negotiate with. At the top level, the ICTU can even imagine that they have a say in the running of the country because of the access they get to government ministers.

All of this shows that there is a difference of interest between the rank and file and the officials that are supposed to represent them. How does this difference come about? More importantly what can be done about it?

A cynic might claim that leaders will always sell-out and so nothing can ever change. The growth of a union bureaucracy is supposed to be just another example of how 'human nature' works, showing that everyone is 'out for themselves'.

But the union leaders did not always behave as they do now. The first major union in Ireland, the Irish Transport and General Workers Union was formed as a mass revolutionary union. James Connolly summed up the union's outlook when he wrote that:

No consideration of a contract with a section of the capitalist class absolved any section of us from the duty of taking instant action to protect other sections when said sections were in danger from the capitalist enemy.

Our attitude was that in the swiftness and unexpectedness of our action lay our chief hopes of temporary victory, and since permanent peace was an illusionary hope until permanent victory was secured, temporary victories were all that need concern us.²⁵

During this period there was no evidence of a bureaucracy strangling the union with talk of 'procedure'. The union leaders did not regard strikes as a problem. They did not put the needs of the union apparatus above a desire to respond swiftly and immediately to struggle. Neither Connolly nor Larkin drew a salary that put them out of the league of their members.

Sometimes it is argued that in the past the unions had to use their 'muscle' but now they can use their 'brains' – or more particularly the brains of a few officials. Yet there was no evidence that a huge amount of 'brains' was used by those who negotiated wage increases in Partnership 2000. The real issue, of course, is not about 'brains' or 'muscle' – it is whether the unions want to challenge capitalism or whether they want to accept its framework entirely.

In modern times, there have also been many examples of unions behaving like the early ITGWU. In Poland, when Solidarnosc was first formed the members were completely in control. They insisted that talks with the government be broadcast over a tannoy system from a room with large windows through which workers outside could make their feelings known!

The union bureaucracy arose as the unions came to accept the limits of capitalism and sought to carve out a niche within it. In Ireland, this co-incided with the period when William O'Brien took over the leadership of the ITGWU from Connolly and Larkin. Instead of promoting struggle, O'Brien concentrated on building up the union machine. The playwright Sean O'Casey claimed that O'Brien had 'no look of a labour leader about him but rather that of a respectable clerk at home in a sure job'. His 'clever, sharp, shrewd mind was ever boring a silent way through all opposition to the regulation and control of the Irish labour movement'.²⁶ His aim was to set up a close relationship with the republican leaders who took power in the Free State in 1922. Peadar O'Donnell said he wanted to get up on the 'prompter's stool' – whispering, advising and get the inside the track with the new political elite.²⁷

As the ITGWU settled into a friendly relationship with the Irish state and the bosses, the bureaucracy grew. This bureaucracy was composed of full time officials who no longer worked alongside their members but claimed to have superior 'negotiating skills'. Instead of promoting a challenge to capitalism, they acted as managers of discontent.

Today the union officials have different material interests to their members. For one thing they earn a higher salary. The top officials in SIPTU earn over £60,000 because they compare themselves to top managers. The local official tries to pitch their salary at the same level as a local personnel manager.

Union officials are removed from the shop floor with all its harassment and stress. They develop a perspective where they see themselves as 'professionals' who have a relationship with their fellow professionals in management. As one SIPTU official argued the

main purpose is 'to get them to realise it is just business'.²⁸ No matter what they negotiate there is no direct consequence for themselves.

If a plant is closed, the union official does not loose their job. If a productivity deal is demanded in return for a pay rise the official does not have to work harder. Put simply, they do not have any direct experience of what lies behind the benign jargon about 'flexibility' and so see militancy as a problem.

The most important thing for officials is to keep their negotiating relationship with management. For this they have to establish trust and that means making sure the members stick to agreements. Instead of developing the confidence and strength of the rank and file, the official sees their negotiating skills as the key to improvements.

None of this however means that officials are the same as the employers. Their status depends of the existence of a union machine. If they push collaboration with the bosses too far, they will run down the union itself.

Instead they seek to balance between employers and workers. They will sometimes talk left but try to hold back any real struggle.

Ultimately, the power of union officials arises from the limited role that unions accept under capitalism. By negotiating only over wages rather than the system of wage labour itself, the union creates a separation between economics and politics. This creates a division of labour where a layer of bureaucrats emerge to negotiate with the system.

The solution is not simply to get new and better officials. Many of the present union leaders have come from the left. SIPTU leader Des Geraghty was a member of the Workers Party for many years; Shay Cody of IMPACT used to be a member of the Socialist Labour Party in the eighties. Sometimes these officials faced opposition from right-wing forces that ran the unions. Yet when they got the top positions they behaved little differently.

It has been the same story in Britain. The two most left wing officials in the 1970s were Hugh Scanlon and Jack Jones. They were also the two who pushed through a 'social contract' with the Labour government which limited workers' rights.

Even if a few left-wing individuals become union officials, the pressure on them to conform to the social role that has been established is immense. No matter how good their politics are, if they are isolated in the midst of the bureaucracy they will have to propose poor compromise deals and get workers to accept 'responsibility'.

Splits, of course, do develop in the bureaucracy and some officials present themselves as more left-wing than others. The leaders of

the Amalgamated Transport and General Workers Union and the National Rail and Busworkers Union often attack the policies of the SIPTU leaders. Inside individual unions, some officials also present themselves as more militant than others.

In any union election socialists will support a left official over a right wing official. The main reason is that it may give more space to rank and file union militants to operate. But in the end, the divisions between the left and the right wing of the bureaucracy is a secondary question because all wings of the bureaucracy will sell out workers.

This was shown most dramatically in the Packard plant in Dublin. Its owners, the giant multinational General Motors, argued that they would close the plant unless the workers did two hours extra work for free. The union leaders from both SIPTU and the ATGWU argued that because of 'globalisation' they could not fight multinationals. They turned down all suggestions of workers occupying their plant and building a political fight to resist. Yet having bludgeoned through their proposals for longer hours after several meetings, Packard closed anyway.

All of this shows that instead of seeking to replace right wing bureaucrats with left wingers who become bureaucrats, we need a different strategy. That has to involve building a rank and file movement.

Chapter 6: Alternatives

The alternative to social partnership is that workers get the freedom to make claims against employers when they choose. Sometime this will be done on a workplace basis. Shop stewards should take a mandate from their members and submit claims for higher pay rises and better conditions and report back regularly on the negotiations.

Sometime this will occur on an industry-wide basis as workers have established relativities with other workers. Nurses, for example, believe that they have the right to long service increments, as teachers have already received these. They have every right to negotiate on that, when they choose.

The union leaders make two arguments against this form of free collective bargaining. They argue that the last time workers had these rights, wage increases were lower than those achieved than under partnership. But this is a false use of statistics because it does not compare like with like.

In the mid eighties, the Irish economy was in a slump and the employers gave up on all pretence of partnership to launch an all out

attack on workers.

Today the Irish economy is booming. Workers know that they cannot so easily be replaced. They have seen the massive profits that employers are making. In these conditions free collective bargaining could not deliver worse pay rates than the partnership deals.

The union leaders also argue that under free collective bargaining, the weaker group of workers suffer and only the strong gain. But this does not follow.

During the decade of partnership there has been a major increase in new entrants grades where new workers are paid less than older workers for doing the same job. As a result the proportion of low paid workers in the Irish labour force has risen.

Workers who are able to fight for their own claims are more likely to offer solidarity to other workers than when they experience defeat or when they see the union only as a dues collecting machine. History shows that solidarity grows out of struggle not out of passively waiting on union leaders for every tiny rise. Under free collective bargaining low paid workers have a far better chance of getting the support that can help them to win than when workers are restricted by the two-tier picket and agreements which prevent them from using industrial action.

However, breaking from partnership is only a start. Workers still have to organise against a boss class that is ever more determined to cut back on the smallest of reforms. The key thing is to build a rank and file movement that is inspired by socialist politics.

You can only have a rank and file movement when there is a strategy to build up union strength on the shop floor. The key is a shop stewards structure which is constantly demanding improvements for workers.

On every little thing, union reps should be pushing for improvements. These can include: decent conditions for contract staff, for replacing contract posts with permanent posts, for special bonus payments for extra work, for decent health and safety conditions.

There is no set formula on what workers look for. The key is to go with the wishes of the rank and file and to report back to them on a regular basis. That often means breaking through rules about what is acceptable and what is not. At the moment for example, there is a major crisis over childcare in Ireland because there has been no provision for publicly owned crèche facilities. But there is no reason why shop stewards cannot push their management into providing crèche facilities at the workplace.

Rank and file organisation also means cutting across the sec-

tional divisions that are foisted on us. Today the links between craft workers and general workers can be weak. Sometimes SIPTU even organises office and manual grades who work in the same building into different sections or branches. A rank and file approach means cutting across all that. We need joint shop stewards' committees which pull together representatives from different unions to hammer out a common strategy. The divisive two tier picket system of the ICTU should be scrapped and workers should be encouraged to stand together.

Rank and file organisation also means forging links across the unions. In the past this has taken several forms. When the first national wage agreements were introduced in the early seventies, a Dublin Shop Stewards Committee linked together several hundred shop stewards to oppose them. In the ESB, more sectional groupings were created where grades, such as linesmen, organised their own associations to press for their rights. In more recent times, a Busworkers Action Group on Dublin Bus has brought together union militants. When the union leaders buckled under the Industrial Relations Act and called off action, the Busworkers Action Group organised a stoppage that brought the city to a standstill.

Whatever form it takes, the key thing is a strategy which puts the power of initiative back into the hands of the rank and file rather than the union officialdom. Sometimes this will mean standing for union positions at the top of the unions. But the only purpose should be to assist the rank and file to engage in activity and to seek to remove obstacles in their way. Where rank and file candidates are elected, it is vital that they report back and be made subject to their base to stop them being sucked into the bureaucracy.

Because union leaders seek to balance between the rank and file and the bosses, they will sometimes call action. These actions should be supported. Even though the bureaucracy is compromising, cowardly and dreads to settle accounts with the employers, the smallest form of official action creates an opening through which the rank and file can grow in confidence. The key is to push beyond token action to action that can win.

Much of the time, however, the bureaucracy refuses to move. Even though workers vote to take action, it is the union executives who reserve the right to sanction or not sanction action. Workers should always demand that action be made official because, after all, the union dues are paid by the members. But where the union is strong workers should also take action independently of the officials. Often the sharpness and suddenness of action that is called by the grassroots

is the key to victory. Being hampered by procedure can also be a recipe for defeats.

This revolutionary attitude to all officials was best summed up by the Clyde Workers Committee in November 1915. These were a group of shop stewards who came together after their union leaders backed Britain's war effort and called on workers to increase productivity. It has remained the key slogan of all rank and file movements since.

We will support the official just so long as they right represent the workers, but we will act independently immediately they misrepresent them.³⁰

The key to success is socialist politics. The union leaders constantly cry that they have 'no other agenda' and that politics should be kept out of union discussions. Yet almost every one of the top union leaders are members of the Labour Party. They believe that politics is about operating within the framework of capitalism and accepting the dictates of the market.

Genuine socialist politics holds out the possibility of an alternative to capitalism. It shows that workers control of industry would be far more efficient and democratic than allowing industry to remain in private hands. Because socialists know there is a viable alternative way of organising society, they do not fall for the propaganda that is pumped out regularly by spokespersons for the bosses.

Socialist politics is also the key to overcoming the divisions which capitalism fosters between workers. Almost every week the *Independent* group of newspapers rages against refugees. These papers, which are owned by Tony O'Reilly, seek to turn white workers against black workers and divert attention from the real scroungers in our midst — the tiny elite whose greed knows no bounds. By keeping the focus on the bosses, socialist politics helps overcome the divisions they stoke up.

A socialist party also offers a vital community to working class militants. The rich are trained in the top universities. They attend regular think tanks where they develop their strategies. They network and learn how to both undermine union organisation and incorporate the union leaders.

We also need our schools for strategy and tactics. We need the debates and discussion that generate a good tactical understanding on how to win. We need the links that join together militants from different jobs and industries so we can develop solidarity. Most crucial-

ly, working class struggle never follows an onwards and upwards pattern. There are sometimes defeats and set backs. Only a socialist party can offer the individual militants a wider perspective that sustains the fights.

Lastly, a socialist party is vital because capitalism can never be tamed by pure trade unionism. No matter how much we win, it can be taken back. The Celtic Tiger which is booming today can quickly turn to slump and when it does the employers will launch even more attacks on workers' conditions. As long as the system survives, they hold the whip hand.

This is why every working class fight has to become political, to seek for ways of destroying a system that gives the rich so much power.

The lords of poverty who run this system are tightly organised. They have their press, their army, their politicians who are bought. If we are to win our side has to be equally organised into a party than can move as one to defeat the employers and their system.

Notes

- 1 Central Statistics Office, National Income and Expenditure. Various years.
- 2 Quoted in E. O'Malley, *Industry and Economic Development* (Dublin, Gill and Macmillan (1989) p. 217.
- 3 R. Mataloni, 'US Multi-national Operations in 1996' in *Survey of Current Business*, September 1998.
- 4 A. Burke, 'Why Ireland is so attractive to foreign direct investors' *Finance* October 1997.
- 5 Forfas, Annual Survey of Irish Economy Expenditures Results for 1996.
- 6 L. Reid, 'Minister slates wealthy developers' *Sunday Tribune* 29 August, 1999.
- 7 B. Carey, 'Who is driving the boom' *Sunday Tribune* 18 April 1999.
- 8 AIB and Bank of Ireland Annual Reports, various years.
- 9 D. O'Hearn, *Inside the Celtic Tiger* (London, Pluto Press 1998).
- 10 A. Barret, T. Callan, B. Nolan, 'The Earnings Distribution and the Return to Education in Ireland' ESRI Working Paper No 85 June 1997 p 8.
- 11 Report of the National Minimum Wage Commission (Dublin, Stationery Office 1998) p. 9.
- 12 K. Hannigan, 'Manufacturing Productivity double others sectors' *Finance*, May 1998.
- 13 Canadian Auto Workers, to Lean Work Re-Organisation: Responding Production (Toronto, CAW, 1993) p 4.

- 14 J. McCarthney and P. Teague 'Workplace Innovations in the Republic of Ireland', *Economic and Social Review* 28:4 pp 381-199.
- 15 K. Hannigan 'Manufacturing Productivity' *Finance* May 1998.
- 16 C.S.O. Information Notice: House Prices and Consumer Price Index, Explanatory Note.
- 17 *ibid*.
- 18 D. Walshe and P Leahy, 'Inflation gets Trendy', *Sunday Business Post* 18 July 1999.
- 19 OECD, Education at a Glance (Paris, OECD, 1997) p.101-2.
- 20 OECD, Economic Survey: Ireland (Paris, OECD, 1997) p 134-5.
- 21 ICTU, Challenges Facing Union, (Dublin, ICTU 1999) p 22
- 22 IRN Interview, Shay Cody, Deputy General Secretary of IMPACT, *Industrial Relations News* 23 April 1988.
- 23 Dail Debates on Industrial Relations Bill 15 March 1990.
- 24 IRN Interview: John O'Dowd, Joint Director National Centre for Partnership *Industrial Relations News* 20 August 1998.
- 25 O. D. Edwards and B.Ransom (eds) *James Connolly: Selected Writings* (London, Jonathan Cape, 1973) p. 313.
- 26 Quoted in A. Mitchell, 'William O'Brien (1881-1968) and the Irish Labour Movement' in *Studies*, Autumn-Winter 1971 pp 311-331.
- 27 P.O'Donnell, *There will be another day* (Dublin, Dolmen Press 1963) p 17.
- 28 IRN Interview, Tony Walshe, SIPTU, *Industrial Relations News* 8 October 1998.
- 29 Unofficial Reform Committee, *The Miners' Next Step*, Pamphlet Re-Print 1911.
- 30 Quoted in T. Cliff, *Marxism and Trade Union Struggle: The General Strike of 1926* (London, Bookmarks, 1986) p34.

Join the SWP

Class division has grown in the Celtic Tiger. But the trade union leadership often seems closer to management than to its members.

Labour seems to have more in common with other potential coalition partners that it does with its voters. But there is an alternative as this pamphlet shows. If you agree, you should get involved with the Socialist Workers Party.

Workers are strongest when they use their collective strength. At the centre of any real social change there needs to be a workers' party that lives up to its name.

Our fortnightly *Socialist Worker*, provides a workers' viewpoint on the Celtic Tiger. It will give you coverage of workplace stories and arguments that you need.

Get involved with one of the branches of the Socialist Workers Party by filling in your name and address below and help us build a real socialist party in Ireland.

Name _____	☐ I want to join the SWP
Address _____	☐ I want more details
_____ Phone _____	☐ I want to receive <i>Socialist Worker</i> regularly
Return to SWP, PO Box 1648, Dublin 8 Tel (01) 872 2682	



If you were to believe the press, Ireland needs social partnership like a fish needs water. It is the cornerstone of Ireland's success. "If we go on like this Ireland can become another Switzerland," Ruairi Quinn once told a union conference.

Behind the gloss stands the glaring reality of social inequality and a class divide.

While government, employers and union leaders sing the praises of partnership, opposition and distrust amongst union members has never been greater.

Kieran Allen, author of *The Politics of James Connolly* and who has written widely on the Celtic Tiger, explains what partnership means for employers and why the union leaders are politically wedded to it.

He shows how in the workplaces and on the shop floor rank and file union members have different concerns and why the time is ripe to make the unions fight.

£1.50